

### **What is the purpose of the City Assessor's Office?**

This office is responsible for appraising the market value of all properties within the City of Lynchburg, except for properties owned by public service corporations, such as utility companies, rail companies, etc. These public service properties are appraised by the State Corporation Commission.

### **What exactly is "Market Value"?**

The following is an abbreviated definition of "market value": The most probable price that a willing and knowledgeable buyer and seller will agree upon, assuming a fair and normal sale with no undue pressure upon either party.

### **How are real estate taxes actually calculated?**

The City of Lynchburg has a tax rate, set by City Council. The tax rate is applied to your assessment value to arrive at the amount of taxes owed. Taxes are paid to the City's Billings & Collections division based on the calculation shown below:

### **How is Market Value derived?**

State Law mandates that property assessments be made upon their fair market value (ad valorem taxation). There are various "approaches" to estimating the value of properties. The approach, or approaches, applied depends somewhat upon the type of property being appraised. There are generally three (3) basic methods of value estimation. Following is a brief explanation of each:

#### **Cost Approach:**

This method involves estimating the cost of improvements (buildings) and deducting any accrued depreciation and then adding the land value to derive a total value.

#### **Sales Comparison Approach:**

This method is the most common and widely utilized. In this approach, similar properties which have recently sold are compared to the one being appraised and adjusted for differences such as number of baths, overall square footage, condition, location, and many other factors.

#### **Income Approach:**

This method, used mostly in commercial and industrial properties, is based upon estimating the income that the property can generate, the expenses incurred in the operation of the property and applying a capitalization rate to derive the assessed value.

### **Why don't all property values rise at the same rate every year?**

There are no two properties and no two neighborhoods that are exactly alike. In one area or neighborhood, the sales may indicate a 10% increase in value in a given year. In another neighborhood, the rate of increase may be only 3%. Also, different types of properties within the same neighborhood may show different increases. For example, one-story houses may be more in demand than two-story houses; or older homes in that same neighborhood may be rising in value slower than new homes; or, on one street, the houses are better cared for than they are on the next street, etc. There are numerous factors to be considered in each property which will cause the values to differ. Some of the characteristics which can affect value are location, condition, size, terrain, heating type, number of baths, basement finish, fireplaces, porches, garages, decks and many others.

### **What does the term "equalization" mean?**

State law requires that "uniformity" or "equality" of assessments be attained. The law states that "if it is impractical or impossible to enforce both the standard of true value and the standard of uniformity, the provision for uniformity is to be preferred as the just and ultimate end to be attained". The State Code sets forth equalization as the most important factor to be considered in ensuring that the tax burden be distributed fairly.

### **What steps can I take to appeal my assessment?**

Every other year (on the odd year), the City Assessor's Office sends out notices of reassessment to all owners of properties which showed a change in value from the prior assessment. For those properties which did not change in value, there is no notice sent. After receiving the notice, the owner has a period of time (30 days) in which he can appeal the value. A letter, visit, or phone call to the City Assessor's Office will constitute an appeal. Our office will review all data regarding the property for errors or problems. The owner will be notified again as to the result of the appeal. If he is still not satisfied, then an appeal to the Board of Equalization can be filed. These forms are available from our office, as well as on our website during appeal period only. The Board is a panel of three citizens appointed by the Circuit Court. Property owners remaining unsatisfied after the Board review may file suit in the Circuit Court. In any of the three appeal stages, the assessment can be raised, reduced or sustained depending on market evidence.

### **How often are properties appraised?**

The City of Lynchburg is on a biennial assessment cycle, which means that the entire

City is reviewed every other year (with values effective July 1<sup>st</sup> of the odd years) and adjustments are made where necessary. This does not mean that all assessments will change city-wide every other year. There must be market evidence which indicates that a change in the value is necessary.

**How can my value increase when I haven't added onto or renovated the building?**

In most cases and with most types of properties, the values will increase with the passing of time. This is not always the case, but usually inflation alone will cause the value to go up. General economic conditions such as interest rates, inflation rates, changes in the tax laws, etc., will influence the value of real estate.

**Does adding to my house or renovating it increase the value?**

In most cases when renovation takes place or additions are made, the value will increase. However, the cost in dollars of adding an item is not always equal to the value that the item contributes to the total property value. For example, the cost of adding a carport may be \$5,000, but the increase in property value may be more, or less, than \$5,000. It depends upon the area, the market demand, quality of construction, workmanship, etc. Cost is not always the same as value.

*If you have additional questions or would like more information concerning your real estate assessment, please contact our office at (434) 455-3830. We will be glad to assist you in any way that we can.*



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## City of Lynchburg City Assessor's Office

### Assessment Questions & Answers

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